

53B-21-110 Refunding bonds -- Issuance -- Proceeds -- Limitations.

- (1) Bonds may be issued under this chapter for the purpose of refunding any bonds previously issued under authority of this chapter, if the bonds to be refunded are due or callable, redeemable, or repurchasable by their terms on or prior to the date that the refunding bonds are issued or will become due or callable, redeemable, or repurchasable by their terms within 10 years thereafter or if the bonds to be refunded, even though not becoming due, callable, redeemable, or repurchasable within this period, are voluntarily surrendered by the bondholders for cancellation at the time of the issuance of the refunding bonds.
- (2) These refunding bonds shall have such details, bear such rate of interest, and be otherwise issued and secured as provided by the board authorizing the issuance of the bonds and as otherwise provided in this chapter. However, the changes in the security and revenues pledged to the payment of the bonds may be made by the board as may be provided by it in the proceedings authorizing the bonds, but in no event shall the refunding bonds ever be secured by revenues not authorized by this chapter to be pledged to the payment of bonds issued for other than refunding purposes.
- (3) Refunding bonds issued under this chapter may be exchanged for a like principal amount of the bonds to be refunded, may be sold in the manner provided in this chapter for the sale of other bonds, or may be exchanged in part and sold in part. If sold, the proceeds of the sale not required for the payment of expenses may be invested in United States Government obligations or in obligations unconditionally guaranteed by the United States of America in a manner as may be provided in the authorizing resolution, so long as these investments will mature with interest so as to provide funds to pay when due, or called for redemption, the bonds to be refunded together with interest and redemption premiums, if any.
- (4) The proceeds or obligations shall, and other funds legally available to the board for such purposes may, be deposited in trust with an FDIC insured bank doing business in Utah, or its successor, to be held for the payment and redemption of bonds to be refunded.
- (5) The deposit and any reinvestment shall be held in trust by the escrow agent for the payment of bonds with interest and redemption premiums, if any, on maturity or upon an available redemption date or upon an earlier voluntary surrender with the consent of the board.
- (6) No refunding bonds may be issued under this section in a principal amount in excess of the principal amount of the bonds to be refunded nor may any bonds not maturing or callable for redemption under their terms as provided in this section be refunded without the consent of the holders of the bonds. Refunding bonds authorized and issued under this section may in the discretion of the board be combined with other bonds to be authorized and issued under this chapter, and a single issue of bonds may be authorized, part for improvement and part for refunding purposes.

Enacted by Chapter 167, 1987 General Session